

Summary of Legislation – HB 295

Background	Effects of Legislation	Benefits of Legislation
31A-1-301, Definitions.		
The definitions for ‘blanket insurance policy’ and ‘group insurance policy’ were within the definition of ‘policy’ and were hard to find.	This is a technical change . No change in the current industry and Department standard. Puts existing definition in a different place. (lines 141-143 and lines 449-456 and lines 853-863)	Makes definition easier to find.
31A-2-205, Examination Costs.		
Viatical settlement providers are relatively new entities in the insurance marketplace. Because they handle large amounts of money for investors and insureds, they need to be examined. The Department has no money to cover the costs of examining viatical settlement providers.	This is a policy change for viatical settlement providers and a technical change for examination expense reimbursement. Changes the law to require viatical settlement providers to now pay the costs associated with an examination. Treats viatical settlement providers similarly to insurers. (lines 1146-1149) Clarifies how an examined entity reimburses the Department for Department examiner expenses and compensation. (lines 1183-1187)	Provides reimbursement of examination expenses for Department examinations of viatical settlement providers. Reduces examined entity uncertainty in how to reimburse the Department for expenses and compensation of Department examiners.
31A-5-416, General Powers – Executive compensation.		
Current statute has incorrect code citations.	This is a technical change . No change in the current industry and Department standard. Corrects incorrect code citations. (line 1217) Clarifies that the annual statement shall include the amount of all direct and indirect remuneration for services directors, officers, and employees. (lines 1231-1243) Makes drafting and format changes to the Code section. (lines 1216-1227; 1244-1262)	Code citations will be correct. Provides clarity. Changes format of portions of Code section.

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31A-21-104, <i>Insurable interest and consent.</i>		
Current statute uses old format for name.	This is a technical change . No change in the current industry and Department standard. Changes format for name of viatical settlement provider, viatical settlement producer, and viatical settlement purchaser. (lines 1356-1357)	Changes format.
31A-21-503, <i>Discrimination based on domestic violence or child abuse prohibited.</i>		
Legislative research discovered an incorrect citation and requested the Department change the citation.	This is a technical change . No change in the current industry and Department standard. Corrects incorrect code citation. (line 1388) Makes drafting and format changes to the Code section. (lines 1391-1393)	Code citation will be correct. Section will comply with current drafting and format standards.
31A-22-305, <i>Uninsured motorist coverage and 31A-22-305.3, <i>Underinsured motorist coverage.</i></i>		
Most insurers file their uninsured and underinsured motorist acknowledgement forms with the Department, however, some insurers do not understand that these forms are to be filed with the Department.	This is a technical change . No change in the current industry and Department standard. Clarifies that all insurers must file their uninsured and underinsured motorist acknowledgement forms with the Department. (lines 1440-1445 and 1677-1682)	All insurers are treated alike. All have the same requirement to file their uninsured and underinsured motorist acknowledgement forms.
31A-22-423, <i>Policy and annuity examination period.</i>		
The Interstate Insurance Product Regulation Commission has adopted a standard 30-day free look period for policies that replace existing life insurance. The NAIC model regulation for life insurance policy replacements has the same 30-day free look period standard. The current Utah statute has a 20-day free look period standard that needs to be changed to mirror the national standard.	This is a policy change . Changes the law to increase the free look period for policies that replace existing life insurance from 20 days to 30 days. (lines 1891-1892) Makes drafting and format changes to the Code section. (lines 1883-1890 and 1893-1909)	Brings Utah statute into uniformity with NAIC and Interstate Insurance Product Regulation Commission standard. Section will comply with current drafting and format standards.

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31A-22-610, <i>Dependent coverage from moment of birth or adoption.</i>		
This change was requested by the health insurance industry to clarify when this Code section applies to individual health insurance policies.	This is a technical change . No change in the current industry and Department standard. Clarifies when this Code section applies to an individual health insurance policy. (lines 1919 and 1959-1966)	Provides clarity to the health insurance industry.
31A-22-613.5, <i>Price and value comparisons of health insurance</i>		
This change was requested by the health insurance industry. Current statute does not allow the Department to amend or change the Basic Health Care Plan rule, R590-175, <i>Basic Health Care Plan Rule</i> , without the consent of the Health and Human Services Interim Committee.	This is a policy change . The change gives rulemaking authority for the Basic Health Care Plan rule to the Department. The change also puts standards for lifetime and annual maximum benefits, out-of-pocket expenses, deductibles for major medical expenses and pharmacy benefits, major medical expense copayments and coinsurance, and pharmacy benefit copayments and coinsurance into statute.	Gives the Department rulemaking authority for the Basic Health Care Plan rule. Sets standards for some benefits in the Basic Health Care Plan rule in statute.
31A-22-629, <i>Adverse benefit determination review process.</i>		
Current statute does not contain a definition for “independent review organization.” This definition reflects current Department and industry standard.	This is a technical change . No change in the current industry and Department standard. Adds a definition for “independent review organization. (lines 1994-1995 and 2037-2051) Deletes unnecessary date reference and makes format changes. (lines 2015 and 2033)	Puts definition in statute. Deletes unnecessary date reference and makes format changes.

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31A-22-701, <i>Groups eligible for group or blanket insurance.</i>		
Group accident and health policies are sold under the same conditions as group life insurance. This section deals specifically with group accident and health policies, however, the current section does not reflect the statutory standard that only a group formed for reasons other than the purchase of insurance may purchase group or blanket accident and health insurance. Product developers and Department staff have requested the addition of the current statutory standard for clarity.	This is a technical change . No change in the current industry and Department standard. Adds current statutory standard that only a group formed for reasons other than the purchase of insurance may purchase group or blanket accident and health insurance to this Code section. (lines 2057-2070) Makes drafting and format changes to the Code section. (lines 2096-2097)	Makes it easier for the health insurance industry to remember that only a group formed for reasons other than the purchase of insurance may purchase group or blanket accident and health insurance. Section will comply with current drafting and format standards.
31A-23a-104, <i>Application for individual license – Application for agency license, 31-25-202, Application for license, and 31A-26-202, Application for license.</i>		
Department counsel determined that a federal employer identification number (FEIN) is not a protected record under GRAMA. Department staff requested a change to the statute to reflect counsel's opinion.	This is a policy change . Changes the law to remove protected record status from Federal employer identification number. (lines 2131-2135; lines 2599-2603; lines 2625-2629) Makes drafting and format changes to the Code section. (lines 2107-2128 and 2137-2138)	Brings statute into compliance with legal opinion that Federal employer identification number does not qualify for "protected record" status under GRAMA. Brings Utah into compliance with licensing standards across the nation. Section will comply with current drafting and format standards.
31A-23a-105, <i>General requirements for individual and agency license issuance and renewal.</i>		
Current statute uses old format for name.	This is a technical change . No change in the current industry and Department standard. Changes format for name of viatical settlement provider, viatical settlement producer, and viatical settlement purchaser. (lines 2171-2172)	Changes format.

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31A-23a-117, <i>Special requirements for providers and producers of viatical settlements.</i>		
<p>The Department does not issue a viatical settlement producer license. The authority to arrange a viatical settlement is included within the authority of a life insurance producer. The requirement to provide viatical settlement experience, training, and education with the initial license cannot be accomplished because the Department does not license viatical settlement producers.</p> <p>The reporting requirements in subsection 4 apply to viatical settlement providers and not to individual producers who arrange viatical settlements.</p> <p>Current statute uses old format for name.</p>	<p>These are technical changes. No change in the current industry and Department standard. Change deletes a reporting requirement for a viatical settlement producer that is impossible to comply with. (lines 2257-2259)</p> <p>Change deletes a reporting requirement for a viatical settlement producer that is impossible to comply with. (line 2261)</p> <p>Changes format for name of viatical settlement provider, viatical settlement producer, and viatical settlement purchaser. (lines 2246-2254)</p>	<p>Deletes an unnecessary reporting requirement.</p> <p>Deletes an unnecessary reporting requirement.</p> <p>Changes format.</p>
31A-23a-204, <i>Special requirements for title insurance producers and agencies.</i>		
<p>The definition of title producer includes individuals and agencies. Industry requested the addition of “agencies” for clarification.</p>	<p>This is a technical change. No change in the current industry and Department standard. Adds clarification to statute. (line 2272)</p>	<p>Provides clarity to the industry.</p>
31A-23a-401, <i>Disclosure of conflicting interests.</i>		
<p>Department staff requested grammatical changes.</p>	<p>These are technical changes. No change in the current industry and Department standard. Statute will be easier to use because it is more grammatically correct. (lines 2369-2401)</p>	<p>Statute will be easier to use because it is more grammatically correct.</p> <p>.</p>

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31A-23a-402, Unfair marketing practices - - Communication - - Inducement - - Unfair discrimination - - Coercion or intimidation - - Restriction on choice.		
This change was requested by the health insurance industry to clarify that programs provided to policyholders or insureds to improve health and thereby reduce claims and claims expenses were not an illegal inducement. Department staff expanded the clarification to include the life and annuity and property-casualty lines of business.	<p>This is a technical change and a policy change.</p> <p>This technical change clarifies current Department enforcement practices that consider programs provided to policyholders or insureds to reduce claims and claims expenses to be an allowed inducement. (lines 2453-2457)</p> <p>This policy change allows the Department to adopt rules to define what constitutes an incentive allowed in a program designed to reduce claims or claim expenses. (lines 2458-2460)</p>	<p>Clarifies that programs provided to policyholders or insureds to reduce claims and claims expenses to be an allowed inducement.</p> <p>Provides rulemaking authority to define an incentive.</p>
31A-23a-504, Sharing commissions.		
A person may not sell, solicit, or negotiate insurance without an insurance license. Subsection (4) as stated appears to allow the selling, soliciting, or negotiating of insurance which is incorrect. Department staff requested the correction.	<p>This is a technical change. No change in the current industry or Department standard. Prohibits the paying of referrals from producers who are licensed to sell the same product lines. (line 2564)</p> <p>Makes drafting and format changes to the Code section. (lines 2535-2556 and 2568-2575)</p>	<p>Clarifies that non-licensed individuals may not sell, solicit, or negotiate insurance.</p> <p>Section will comply with current drafting and format standards.</p>
31A-26-301.6, Health care provider claims practices.		
Changes in this section are required to bring the section into compliance with the Federal claims regulation. All other code sections and Utah Insurance Department rules have been changed to bring them into compliance with the Federal claims regulation.	<p>This is a technical change. No change in the current industry and Department standard. Changes the law to bring it into compliance with the Federal claims regulation. (lines 2656-2752)</p> <p>Makes drafting and format changes to the Code section. (lines 2645 and 2753-2854)</p>	<p>This section will be compliant with other code sections, Utah Insurance Department rules and the Federal claims regulation.</p> <p>Section will comply with current drafting and format standards.</p>

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31A-27-331, <i>Special provisions for third party claims.</i>		
Change was requested by Legislative Research to enact drafting and format changes.	This is a technical change . No change in the current industry and Department standard. Makes drafting and format changes to the Code section. (lines 2869-2892 and line 2902)	Section will comply with current drafting and format standards.
31A-30-103, <i>Definitions.</i>		
The addition of the definition for “plan year” is requested by Department staff to bring Utah into compliance with Federal regulations.	This is a technical change . No change in the current industry and Department standard. Definition is part of a Federal requirement under HIPAA. (lines 2972-2980) Makes drafting and format changes to the Code section. (line 2930)	Places definition in statute. Makes it easier for industry because they do not have to look in Federal regulation to find the definition of “plan year.” Section will comply with current drafting and format standards.
31A-30-107.3, <i>Discontinuance and nonrenewal limitations and conditions.</i>		
This change was requested by the health insurance industry to clarify that “employee” means “eligible employee.”	This is a technical change . No change in the current industry and Department standard. Adds the word “eligible” to modify “employee,” thereby clarifying that the subsection refers to an eligible employee.	Clarifies that the subsection applies to an eligible employee.
31A-30-107.5, <i>Preexisting condition exclusion - - Condition-specific exclusion riders - - Limitation periods.</i>		
	This is a technical change . No change in the current industry and Department standard. Makes drafting and format changes to the Code section. (lines 3034-3035, 3058-3060, and 3075)	Section will comply with current drafting and format standards.
31A-30-112, <i>Employee participation levels.</i>		
This change was requested by the health insurance industry to clarify that a small employer must have at least two eligible employees to meet participation requirements.	This is a technical change . No change in the current industry and Department standard. Clarifies that a small employer must have at least two eligible employees to meet participation requirements.	Clarifies small employer minimum participation requirements.

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31A-35-201, Bail Bond Surety Oversight Board creation - - Membership		
	These are technical changes . No change in the current industry and Department standard. Deletes obsolete provision. (lines 3098-3101) Makes drafting and format changes to the Code section. (lines 3102-3125)	Removes obsolete Code subsection. Section will comply with current drafting and format standards.
31A-36-102, Definitions.		
<p>A life insurer has statutory authority to purchase a policy that it has issued (31A-22-419). Department staff requested the additional language in the definition of viatical settlement to clarify a life insurer's statutory authority.</p> <p>The NAIC model law used the language "licensee under this chapter" because the model law licensed both viatical settlement producers and providers in the same law. Utah licenses viatical settlement producers under Chapter 23a and viatical settlement providers under Chapter 36. Department staff requested the change in language to clarify to whom the section applies.</p>	<p>These are technical changes. No change in the current industry and Department standard. Clarifies definition of "form" as it relates to a viatical settlement transaction. (lines 3184-3188)</p> <p>Moves the definition for a viatical settlement producer, a viatical settlement provider, and a viatical settlement purchaser. (lines 3196-3249 and lines 3273-3327)</p> <p>Clarifies that the purchase of a life insurance policy by the issuing insurer is not a viatical settlement. (lines 3269-3272)</p> <p>Clarifies the definition of "viator." (lines 3335-3337)</p> <p>Makes drafting and format changes to the Code section. (lines 3144-3147, 3158, 3166-3170, 3180-3183, and 3338-3344)</p>	<p>Provides clarity to the viatical settlement industry.</p> <p>Corrects the definitions to use the current naming format.</p> <p>Provides clarity to the viatical settlement industry.</p> <p>Provides clarity to the viatical settlement industry. Section will comply with current drafting and format standards.</p>
31A-36-104, License requirements, revocation, and denial		
Current statute uses old format for name.	This is a technical change. No change in the current industry and Department standard. Changes format for name of viatical settlement provider, viatical settlement producer, and viatical settlement purchaser. (lines 3349-3395)	Changes format.

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31A-36-105, <i>Filing and use of forms for viatical settlement and disclosure.</i>		
Department staff requested reformatting of this section for clarity.	<p>This is a technical change. No change in the current industry and Department standard. Viatical settlement providers are subject to the definition of “form” in 31A-1-301(64) and the form filing requirements of 31A-21-201. This change removes redundant language (application) and clarifies that the current definition of “form” applies to viatical settlements and clarifies the additional special forms relating to viatical settlements that must be filed with the Department. (lines 3399-3405)</p>	Removes confusion between code sections by clarifying that the current definition of “form” applies to viatical settlements and clarifying the additional special forms relating to viatical settlements that must be filed with the Department.
31A-36-106, <i>Reporting requirements and privacy.</i> 31A-36-107, <i>Examination and retention of records.</i> 31A-36-108, <i>Required disclosures.</i> 31A-36-109, <i>General requirements.</i> 31A-36-110, <i>Payment and document requirements.</i> 31A-36-111, <i>Prohibited acts.</i> 31A-36-112, <i>Advertising regulations.</i> 31A-36-113, <i>Fraud.</i> 31A-36-117, <i>Antifraud initiatives.</i> 31A-36-119, <i>Authority to make rules.</i>		
The NAIC model law used the language “licensee under this chapter” because the model law licensed both viatical settlement producers and providers in the same law. Utah licenses viatical settlement producers under Chapter 23a and viatical settlement providers under Chapter 36. Department staff requested the change in language to clarify to whom the section applies.	<p>This is a technical change. No change in the current industry and Department standard. Clarifies to whom the statute applies. (lines 3412-3417; 3446-3450; 3681)</p> <p>Changes format for name of viatical settlement provider, viatical settlement producer, and viatical settlement purchaser. (lines 3420-3421, 3428-3429, 3435-3441; 3449-3450, 3477; 3480-3488; 3492-3560; 3566-3583; 3589-3632; 3635-3646; 3664-3665, 3690; 3717-3724; 3751-3757)</p>	<p>Clarifies to whom the statute applies.</p> <p>Changes format.</p>
31A-37-502, <i>Examination.</i>		
	<p>This is a technical change. No change in the current industry and Department standard. Clarifies the examination period for the examination of a captive insurer. (lines 3773-3774)</p> <p>Makes drafting and format changes to the Code section. (lines 3769-3772, 3775-3783, and 3790)</p>	<p>Provides clarity to the captive insurer industry.</p> <p>Section will comply with current drafting and format standards.</p>

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61-1-13, Definitions.		
Section added by Legislative Research.	This is a technical change . No change in the current industry and Department standard. Changes format for name of viatical settlement provider, viatical settlement producer, and viatical settlement purchaser. (line 4097)	Changes format.